

# SENATE BILL REPORT

## SB 5893

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As of February 18, 2009

**Title:** An act relating to actions by insurance companies against violators.

**Brief Description:** Concerning actions by insurance companies against violators.

**Sponsors:** Senators Berkey, Benton, Hobbs, Schoesler and Shin.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 2/17/09.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Staff:** Philip Brady (786-7460)

**Background:** National studies show that more than 10 percent of insurance claims are fraudulent, costing insurance companies millions of dollars and the average household \$200 to \$300 in increased insurance premiums each year. Between its formation in 2006 and a September 2008 report, the Special Investigations Unit in the Office of the Insurance Commissioner has discovered almost \$1.8 million in insurance fraud in Washington.

Since 2006 insurance companies that are the victims of a crime are also considered victims for the purposes of any restitution imposed by a court as a part of a criminal penalty.

**Summary of Bill:** Insurance companies that are the victims of a crime have a cause of action against the convicted defendant. They may recover compensatory damages, and reasonable investigation and litigation expenses, including attorneys' fees.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Insurers should be able to recover investigation costs under existing law, but judges have not been allowing them to recover

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those costs. Washington has passed a series of fraud statutes, and this is the final missing piece.

**Persons Testifying:** PRO: Jessica Duple-Harbin, Farmer's Insurance; Jean Leonard, State Farm Insurance; Mel Sorensen, Property Casualty Insurers.